

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Velocity Technology Soultions LLC		11/17/2005	LIMITED LIABILITY COMPANY: NEW YORK
Eisner Technology Solutions, LLC		11/17/2005	LIMITED LIABILITY COMPANY: NEW YORK

RECEIVING PARTY DATA

Name:	Pine Street Capital Partners, LP
Street Address:	99 Pine Street
City:	Albany
State/Country:	NEW YORK
Postal Code:	12207
Entity Type:	LIMITED PARTNERSHIP: DELAWARE

Name:	Pine Street/Velocity Investments, Inc.
Street Address:	99 Pine Street
City:	Albany
State/Country:	NEW YORK
Postal Code:	12207
Entity Type:	CORPORATION: DELAWARE

PROPERTY NUMBERS Total: 3

Property Type	Number	Word Mark
Serial Number:	76452894	VELOCITY OUTSOURCING
Serial Number:	76452883	VELOCITY
Registration Number:	2467933	EISNER TECHNOLOGY SOLUTIONS

CORRESPONDENCE DATA

Fax Number: (617)526-9899

CH \$90.00 76452894

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 6175269628
Email: cslattery@proskauer.com
Correspondent Name: Christine Slattery
Address Line 1: One International Place
Address Line 4: Boston, MASSACHUSETTS 02110

ATTORNEY DOCKET NUMBER:	58234-002
NAME OF SUBMITTER:	Christine Slattery
Signature:	/Christine Slattery/
Date:	11/21/2005

Total Attachments: 42

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PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (as it may be amended or modified from time to time, this "Security Agreement") is entered into as of November 17, 2005 by and among VELOCITY TECHNOLOGY SOLUTIONS LLC., a New York limited liability company (the "Company"), EISNER TECHNOLOGY SOLUTIONS, LLC, a New York limited liability company and wholly-owned subsidiary of the Company ("Eisner Technology" and together with the Company, individually a Grantor and collectively the "Grantors") and Pine Street Capital Partners, LP, a Delaware limited partnership and Pine Street/Velocity Investments, Inc., a Delaware corporation (each a "Purchaser" and collectively the "Purchasers").

PRELIMINARY STATEMENT

Reference is made to the Note and Warrant Purchase Agreement dated as of the date hereof (as it may be amended or modified from time to time, the "Purchase Agreement") by and among the Company and Eisner Technology, as the "Borrowers" thereunder and the Purchasers. The Grantors are entering into this Security Agreement in order to induce the Purchasers to purchase the Note and the Warrant from the Grantors under the Purchase Agreement and to secure the Obligations (as such term is defined in the Purchase Agreement).

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants set forth herein, each of the Grantors and the Purchasers, hereby agree as follows:

ARTICLE I DEFINITIONS

1.1. Terms Defined in Purchase Agreement and UCC. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Purchase Agreement or, if not defined therein, in the UCC.

1.2. Definitions of Certain Terms Used Herein. As used in this Security Agreement, the following terms shall have the following meanings:

"Accounts" shall mean "accounts" as defined in Article 9 of the UCC.

"Account Debtors" shall mean all parties against which any Grantor has a right to payment in the form of a Receivable.

"Article" means a numbered article of this Security Agreement, unless another document is specifically referenced.

"Assigned Contracts" means, collectively, all of the Grantors' rights and remedies under, and all moneys and claims for money due or to become due to such Grantor under all contracts and agreements between such Grantor and any party other than the Purchasers, and any and all amendments, supplements, extensions, and renewals thereof including all rights and claims of

such Grantor now or hereafter existing: (a) under any insurance, indemnities, warranties, and guarantees provided for or arising out of or in connection with any of the foregoing agreements; (b) for any damages arising out of or for breach or default under or in connection with any of the foregoing contracts; (c) to all other amounts from time to time paid or payable under or in connection with any of the foregoing agreements; or (d) to exercise or enforce any and all covenants, remedies, powers and privileges thereunder.

“Chattel Paper” shall mean “chattel paper” as defined in Article 9 of the UCC.

“Collateral” shall have the meaning set forth in Article II.

“Collateral Report” means any certificate, report or other document delivered by the Grantor to the Purchasers with respect to the Collateral pursuant to any Purchaser Document.

“Commercial Tort Claims” shall mean “commercial tort claims” as set forth in Article 9 of the UCC.

“Control” shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the UCC.

“Copyrights” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following: (a) all United States, state and foreign copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications; (b) all renewals of any of the foregoing; (c) all income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; and (e) all rights corresponding to any of the foregoing throughout the world.

“Deposit Accounts” shall mean “deposit accounts” as defined in Article 9 of the UCC.

“Documents” shall mean “documents” as defined in Article 9 of the UCC.

“Equipment” shall mean “equipment” as defined in Article 9 of the UCC.

“Event of Default” means an event described in Section 5.1.

“Exhibit” refers to a specific exhibit to this Security Agreement, unless another document is specifically referenced.

“Fixtures” shall mean “fixtures” as defined in Article 9 of the UCC.

“General Intangibles” shall mean “general intangibles” as defined in Article 9 of the UCC.

“Goods” shall mean “goods” as defined in Article 9 of the UCC.

“Instruments” shall mean “instruments” as defined in Article 9 of the UCC.

“Inventory” shall mean “inventory” as defined in Article 9 of the UCC.

“Investment Property” shall mean “investment property” as defined in Article 9 of the UCC.

“Letter-of-Credit Rights” shall mean “letter-of-credit rights” as defined in Article 9 of the UCC.

“Licenses” means, with respect to any Person, all of such Person’s right, title, and interest in and to (a) any and all licensing agreements or similar arrangements in and to its Patents, Copyrights, or Trademarks, (b) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, and (c) all rights to sue for past, present, and future breaches thereof.

“Patents” means, with respect to any Person, all of such Person’s right, title, and interest in and to: (a) any and all United States, state and foreign patents and patent applications; (b) all inventions and improvements described and claimed therein; (c) all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof; (d) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements thereof; and (f) all rights corresponding to any of the foregoing throughout the world.

“Payment Intangibles” shall mean “payment intangibles” as defined in Article 9 of the UCC.

“Pledged Collateral” means all Instruments, Securities and other Investment Property of the Grantors, whether or not physically delivered to the Purchasers pursuant to this Security Agreement.

“Receivables” means, with respect to the Grantors, all rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise disposed of, or services rendered, including, without limitation, all such rights constituting or evidenced by Chattel Paper, Document, Investment Property, Instrument, or any other right or claim to receive money which is otherwise included as Collateral.

“Section” means a numbered section of this Security Agreement, unless another document is specifically referenced.

“Security” shall mean “security” as defined in Article 8 of the UCC.

“Stock Rights” means all dividends, instruments or other distributions and any other right or property which any Grantor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Capital Stock constituting Collateral, any right to receive Capital Stock and any right to receive earnings, in which any Grantor now has or hereafter acquires any right, issued by an issuer of such Capital Stock.

“Supporting Obligations” shall mean “supporting obligations” as defined in Article 9 of the UCC.

“Trademarks” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following: (a) all United States, state and foreign trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing; (b) all licenses of the foregoing, whether as licensee or licensor; (c) all renewals of the foregoing; (d) all income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing; and (f) all rights corresponding to any of the foregoing throughout the world.

“UCC” means the Uniform Commercial Code, as in effect from time to time, of the State of New York or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection or priority of, or remedies with respect to, the Purchasers’ lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II GRANT OF SECURITY INTEREST

Each Grantor hereby pledges, assigns and grants to the Purchasers, a security interest in all of its right, title and interest in, to and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of each Grantor and wherever located (all of which will be collectively referred to as the “Collateral”), including, without limitation:

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Documents;
- (iv) all Equipment;
- (v) all Fixtures;
- (vi) all General Intangibles;
- (vii) all Goods;
- (viii) all Instruments;

- Obligations;
- (ix) all inventory;
 - (x) all Investment Property;
 - (xi) all letters of credit, Letter-of-Credit Rights and Supporting institution;
 - (xii) all Deposit Accounts with any bank or other financial institution;
 - (xiii) all Commercial Tort Claims;
 - (xiv) all Assigned Contracts; and
 - (xv) all accessions to, substitutions for and replacements, proceeds (including Stock Rights), insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing.

2.2. Security for Obligations. This Security Agreement secures, and the Collateral is collateral security for, the prompt and complete payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Obligations of each Grantor owed under any Purchaser Document.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Each Grantor represents and warrants to the Purchasers that, on the Closing Date:

3.1. Title, Perfection and Priority. Each Grantor has good and valid rights in or the power to transfer the Collateral and title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Permitted Liens, and has full power and authority to grant to the Purchasers the security interest in such Collateral pursuant hereto. When financing statements have been filed in the appropriate offices against each Grantor in the locations listed on Exhibit H, the Purchasers will have a fully perfected first priority security interest in that Collateral in which a security interest may be perfected by filing, subject only to Permitted Liens.

3.2. Type and Jurisdiction of Organization, Organizational and Identification Numbers. The type of entity of each Grantor, its state of organization, the organizational number issued to it by its state of organization and its federal employer identification number are set forth on Exhibit A.

3.3. Principal Location. Each Grantor's mailing address and the location of its place of business and chief executive office is disclosed in Exhibit A; each Grantor has no other places of business except those set forth in Exhibit A.

3.4. Collateral Locations. Each of the Grantors' locations where Collateral is located are listed on Exhibit A. All of said locations are owned by such Grantor except for locations (i) which are leased by each Grantor as lessee and designated in Part VII(b) of Exhibit A and (ii) at which Inventory is held in a public warehouse or is otherwise held by a bailee or on consignment as designated in Part VII(c) of Exhibit A.

3.5. Deposit Accounts. Each of the Grantor's Deposit Accounts are listed on Exhibit B.

3.6. Exact Names. Each Grantor's name in which it has executed this Security Agreement is the exact name as it appears in such Grantor's organizational documents, as amended, as filed with such Grantor's jurisdiction of organization.

3.7. Letter-of-Credit Rights and Chattel Paper. Exhibit C lists all Letter-of-Credit Rights and Chattel Paper of each Grantor. All action by each Grantor necessary or desirable to protect and perfect the Purchasers' Lien on each item listed on Exhibit C (including the delivery of all originals and the placement of a legend on all Chattel Paper as required hereunder) has been duly taken. The Purchasers will have a fully perfected first priority security interest in the Collateral listed on Exhibit C, subject only to Permitted Liens.

3.8. Accounts and Chattel Paper.

(a) The names of the obligors, amounts owing, due dates and other information with respect to the Chattel Paper are and will be correctly stated in all material respects in all Collateral Reports with respect thereto furnished to the Purchasers by each Grantor from time to time. As of the time when each item of Chattel Paper arises, such Grantor shall be deemed to have represented and warranted that such Chattel Paper and all records relating thereto, are genuine and in all material respects what they purport to be.

(b) With respect to Accounts, except as specifically disclosed on the most recent Collateral Report, (i) all Accounts represent bona fide sales of Inventory or rendering of services to Account Debtors in the ordinary course of the each Grantor's business and are not evidenced by a judgment, Instrument or Chattel Paper; (ii) there are no setoffs, claims or disputes existing or asserted with respect thereto and such Grantor has not made any agreement with any Account Debtor for any extension of time for the payment thereof, any compromise or settlement for less than the full amount thereof, any release of any Account Debtor from liability therefor, or any deduction therefrom except a discount or allowance allowed by such Grantor in the ordinary course of its business consistent with past practice; (iii) to each Grantor's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforceability thereof or could reasonably be expected to materially reduce the amount payable thereunder as shown on the Grantor's books and records and any invoices, statements and Collateral Reports with respect thereto; (iv) the Grantors have not received any notice of proceedings or actions which are threatened or pending against any Account Debtor which might result in any adverse change in such Account Debtor's financial condition; and (v) the Grantors have no knowledge that any Account Debtor is unable generally to pay its debts as they become due.

(c) In addition, to the Grantors' knowledge, all Account Debtors have the capacity to contract.

3.9. Inventory. With respect to any Inventory scheduled or listed on the most recent Collateral Report, (a) no Inventory (other than Inventory in transit) is now, or shall at any time or times hereafter be stored at any other location except as permitted by Section 4.1(f), (b) each Grantor has good, indefeasible and merchantable title to such Inventory and such Inventory is not subject to any Lien or security interest or document whatsoever except for the Lien granted to the Purchases, and except for Permitted Liens, (c) except as specifically disclosed in the most recent Collateral Report, such Inventory is of good and merchantable quality, free from any defects, (d) such Inventory is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party upon sale or disposition of that Inventory or the payment of any monies to any third party upon such sale or other disposition, (e) such Inventory has been produced in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders thereunder and (f) the completion of manufacture, sale or other disposition of such Inventory by the Purchasers following an Event of Default shall not require the consent of any Person and shall not constitute a breach or default under any contract or agreement to which a Grantor is a party or to which such property is subject.

3.10. Intellectual Property. Each Grantor does not have any interest in, or title to, any Patent, Trademark or Copyright except as set forth in Exhibit D. This Security Agreement is effective to create a valid and continuing Lien and, upon filing of appropriate financing statements in the offices listed on Exhibit H and this Security Agreement with the United States Copyright Office and the United States Patent and Trademark Office, fully perfected first priority security interests in favor of the Purchasers on such Grantor's Patents, Trademarks and Copyrights, such perfected security interests are enforceable as such as against any and all creditors of and purchasers from such Grantor, and all action necessary or desirable to protect and perfect the Purchasers' Lien on such Grantor's Patents, Trademarks or Copyrights shall have been duly taken.

3.11. Filing Requirements. None of the Equipment is covered by any certificate of title, except for the vehicles described in Part I of Exhibit E. None of the Collateral is of a type for which security interests or liens may be perfected by filing under any federal statute except for (a) the vehicles described in Part II of Exhibit E and (b) Patents, Trademarks and Copyrights held by each Grantor and described in Exhibit D. The legal description, county and street address of each property on which any Fixtures are located is set forth in Exhibit F together with the name and address of the record owner of each such property.

3.12. No Financing Statements, Security Agreements. No financing statement or security agreement describing all or any portion of the Collateral which has not lapsed or been terminated naming each Grantor as debtor has been filed or is of record in any jurisdiction except (a) for financing statements or security agreements naming the Purchasers as the secured party, and (b) as permitted by the Purchase Agreement.

3.13. Pledged Collateral.

(a) Exhibit G sets forth a complete and accurate list of the Pledged Collateral. Each Grantor is the record and beneficial owner of the Pledged Collateral listed on Exhibit G, free and clear of any Liens, except for the security interest granted to the Purchasers hereunder. Each Grantor further represents and warrants that (i) with respect to any certificates delivered to the Purchasers representing Capital Stock, either such certificates are Securities as defined in Article 8 of the UCC as a result of actions by the issuer or otherwise or, if such certificates are not Securities, the Grantor has so informed the Purchasers so that the Purchasers may take steps to perfect its security interest therein as a General Intangible, (ii) all Pledged Collateral held by a securities intermediary is covered by a control agreement among such Grantor, the securities intermediary and the Purchasers pursuant to which the Purchasers have Control (iii) none of the Pledged Collateral has been transferred by any Grantor in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject, (iv) there are existing no options, warrants, calls or commitments of any character whatsoever relating to the Pledged Collateral, and (v) no consent, approval, authorization, or other action by, and no giving of notice, filing with, any governmental authority or any other Person is required for the pledge by each Grantor of the Pledged Collateral pursuant to this Security Agreement or for the execution, delivery and performance of this Security Agreement by each Grantor, or for the exercise by the Purchasers of the voting or other rights provided for in this Security Agreement or for the remedies in respect of the Pledged Collateral pursuant to this Security Agreement, except as may be required in connection with such disposition by laws affecting the offering and sale of securities generally.

(b) Except as set forth in Exhibit G, each Grantor owns 100% of the issued and outstanding Capital Stock which constitutes Pledged Collateral and none of the Pledged Collateral which represents Indebtedness owed to any Grantor is subordinated in right of payment to other Indebtedness or subject to the terms of an indenture.

3.14. As of the date hereof, the Grantors have no right, title or interest in any Commercial Tort Claims.

ARTICLE IV COVENANTS

From the date of this Security Agreement, and thereafter until this Security Agreement is terminated, each Grantor agrees that:

4.1. General.

(a) Collateral Records. Each Grantor will maintain complete and accurate books and records with respect to the Collateral in all material respects, and furnish to the Purchasers, updates with respect to Exhibits A, B, C, D, E, F and G hereto in accordance with Section 4.1(c) and such other reports relating to the Collateral as the Purchasers shall from time to time reasonably request.

(b) Authorization to File Financing Statements; Ratification. Each Grantor hereby authorizes the Purchasers to file, and if requested will deliver to the Purchasers, all financing statements, continuation statements, amendments thereto and other documents and take

such other actions as may from time to time be reasonably requested by the Purchasers in order to maintain a first perfected security interest in the Collateral, and if applicable, Control of the Collateral. Any financing statement filed by the Purchasers may be filed in any filing office in any UCC jurisdiction and may (i) indicate the Collateral (1) as all assets of such Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC or such jurisdiction, or (2) by any other description which reasonably approximates the description contained in this Security Agreement, and (ii) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether each Grantor is an organization, the type of organization and any organization identification number issued to such Grantor, and (B) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real Property to which the Collateral relates. Each Grantor also agrees to furnish any such information to the Purchasers promptly upon request. Each Grantor also ratifies its authorization for the Purchasers to have filed in any UCC jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(c) Further Assurances. Each Grantor will, if so requested by the Purchasers, furnish to the Purchasers, as often as the Purchasers reasonably request, statements and schedules further identifying and describing the Collateral and such other reports and information in connection with the Collateral as the Purchasers may reasonably request, all in such detail as the Purchasers may specify. Each Grantor also agrees to take any and all actions reasonably necessary to defend title to the Collateral against all persons and to defend the security interest of the Purchasers in the Collateral and the priority thereof against any Lien not expressly permitted hereunder. Each Grantor agrees to deliver to the Purchasers monthly supplements with respect to the information set forth in Exhibits A, B, C, D, E, F and G attached hereto; provided, that each Grantor shall supplement such information promptly after obtaining information which would require a material correction or addition to any such Exhibit.

(d) Disposition of Collateral. Each Grantor will not sell, lease or otherwise dispose of the Collateral except for dispositions specifically permitted pursuant to Section 7.6 of the Purchase Agreement.

(e) Other Financing Statements. Each Grantor will not authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral, except as permitted by the Purchase Agreement, including Section 7.2(d) thereof. Each Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of the Purchasers, subject to such Grantor's rights under Section 9-509(d)(2) of the UCC.

(f) Locations. Each Grantor will not (i) maintain any Collateral at any location other than those locations listed on Exhibit A, (ii) otherwise change, or add to, such locations without the Purchasers' prior written consent as required by the Purchase Agreement (and if the Purchasers give such consent, such Grantor will concurrently therewith obtain a Collateral Access Agreement for each such location to the extent required by the Purchase

Agreement), or (iii) change its principal place of business or chief executive office from the location identified on Exhibit A, other than as permitted by the Purchase Agreement.

(g) Compliance with Terms. Each Grantor will perform and comply with all obligations in respect of the Collateral and all agreements to which it is a party or by which it is bound relating to the Collateral.

4.2. Receivables.

(a) Certain Agreements on Receivables. Each Grantor will not make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except a discount or allowance by such Grantor in the ordinary course of its business, except where such discount or allowance could reasonably be likely to cause a Material Adverse Effect; provided, however, that in no event shall either Grantor be entitled to provide such discount or allowance to an Affiliate.

(b) Collection of Receivables. Except as otherwise provided in this Security Agreement, each Grantor will collect and enforce, at the Grantors' sole expense, all amounts due or hereafter due to such Grantor under the Receivables.

(c) [Intentionally Omitted.]

(d) Disclosure of Counterclaims on Receivables. If (i) any discount, credit or agreement to make a rebate or to otherwise reduce the amount owing on a Receivable exists or (ii) if, to the knowledge of any Grantor, any dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to a Receivable, such Grantor will promptly disclose such fact to the Purchasers in writing. Each Grantor shall send the Purchasers a copy of each credit memo in excess of \$25,000 as soon as issued.

(e) Electronic Chattel Paper. Each Grantor shall take all steps necessary to grant the Purchasers Control of all electronic chattel paper in accordance with the UCC and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

4.3. Goods and Equipment.

(a) Maintenance of Goods. Each Grantor will do all things necessary to maintain, preserve, protect and keep the Goods (other than Inventory) and the Equipment in good repair and working and saleable condition in all material respects, except for damaged or defective goods arising in the ordinary course of each Grantor's business and except for ordinary wear and tear in respect of the Equipment.

(b) Returned Inventory. If an Account Debtor returns any Inventory to any Grantor when no Default exists, then such Grantor shall promptly determine the reason for such return and shall issue a credit memorandum to the Account Debtor in the appropriate amount. The Grantor shall immediately report to the Purchasers any return involving Inventory in an

amount in excess of \$10,000. Each such report shall indicate the reasons for the returns and the locations and condition of the returned Inventory. In the event any Account Debtor returns Inventory to any Grantor when an Event of Default exists, such Grantor, upon the request of the Purchasers shall: (i) hold the returned Inventory in trust for the Purchasers; (ii) segregate all returned Inventory from all of its other property; (iii) dispose of the returned Inventory solely according to the Purchasers' written instructions; and (iv) not issue any credits or allowances with respect thereto without the Purchasers' prior written consent. All returned Inventory shall be subject to the Purchasers' Liens thereon.

(c) Inventory Count. To the extent each Grantor possesses Inventory, each Grantor will conduct physical counts of such Inventory at least once per Fiscal Year, and after and during the continuation of an Event of Default, at such other times as the Purchasers reasonably request. Each Grantor, at its own expense, shall deliver to the Purchasers the results of each physical verification, which such Grantor has made, or has caused any other Person to make on its behalf, of all or any portion of its Inventory.

(d) Equipment. Each Grantor shall promptly inform the Purchasers of any additions to or deletions from the Equipment which individually exceed \$50,000. Each Grantor shall not permit any Equipment to become a fixture with respect to real property or to become an accession with respect to other personal property with respect to which real or personal property the Purchasers do not have a Lien. Each Grantor will not, without the Purchasers' prior written consent, alter or remove any identifying symbol or number on any of such Grantor's Equipment constituting Collateral.

(e) Titled Vehicles. Each Grantor shall give the Purchasers notice of its acquisition of any vehicles covered by a certificates of title with an aggregate fair market value (for all such vehicles acquired) in excess of \$25,000 and shall deliver to the Purchasers, upon request, the original of any vehicle title certificate and provide and/or file all other documents or instruments necessary to have the Lien of the Purchasers noted on any such certificate or with the appropriate state office.

4.4. Delivery of Instruments, Securities, Chattel Paper and Documents. Each Grantor will (a) deliver to the Purchasers upon execution of this Security Agreement the originals of all Chattel Paper, Securities (to the extent certificated) and Instruments constituting Collateral (if any then exist), (b) hold in trust for the Purchasers upon receipt and immediately thereafter deliver to the Purchasers any Chattel Paper, Securities and Instruments constituting Collateral, (c) upon the Purchasers' request, deliver to the Purchasers (and thereafter hold in trust for the Purchasers upon receipt and immediately deliver to the Purchasers) any Document evidencing or constituting Collateral and (d) upon the Purchasers' request, deliver to the Purchasers a duly executed amendment to this Security Agreement, in the form of Exhibit I hereto (the "Amendment"), pursuant to which each Grantor will pledge such additional Collateral. Each Grantor hereby authorizes the Purchasers to attach each Amendment to this Security Agreement and agrees that all additional Collateral set forth in such Amendments shall be considered to be part of the Collateral.

4.5. Uncertificated Pledged Collateral. Each Grantor will permit the Purchasers from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Pledged Collateral not represented by certificates to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Pledged Collateral not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Purchasers granted pursuant to this Security Agreement. Each Grantor will take any actions necessary to cause (a) the issuers of uncertificated securities which are Pledged Collateral and (b) any securities intermediary which is the holder of any Pledged Collateral, to cause the Purchasers to have and retain Control over such Pledged Collateral. Without limiting the foregoing, each Grantor will with respect to Pledged Collateral held with a securities intermediary, cause such securities intermediary to enter into a control agreement with the Purchasers, in form and substance satisfactory to the Purchasers, giving the Purchasers Control.

4.6. Pledged Collateral.

(a) Issuance of Additional Securities. If any issuer of Capital Stock constituting Pledged Collateral issues additional Capital Stock to any Grantor, such Grantor shall promptly notify the Purchasers of such issuance of Capital Stock and such additional Capital Stock shall promptly be pledged to the Purchasers and deposited in accordance with Sections 4.4 and 4.5 hereof.

(b) Registration of Pledged Collateral. Each Grantor will permit any registerable Pledged Collateral to be registered in the name of the Purchasers or their nominee at any time at the option of the Purchasers.

(c) Exercise of Rights in Pledged Collateral.

(i) Without in any way limiting the foregoing and subject to clause (ii) below, each Grantor shall have the right to exercise all voting rights or other rights relating to the Pledged Collateral for all purposes not inconsistent with this Security Agreement, the Purchase Agreement or any other Purchaser Document; *provided however, that* no vote or other right shall be exercised or action taken which will impair the rights of the Purchasers in respect of the Pledged Collateral.

(ii) Each Grantor will permit the Purchasers or their nominee at any time after the occurrence of an Event of Default, without notice, to exercise all voting rights or other rights relating to Pledged Collateral, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any Capital Stock or Investment Property constituting Pledged Collateral as if it were the absolute owner thereof.

4.7. Intellectual Property.

(a) Each Grantor will use commercially reasonable efforts to secure all consents and approvals necessary or appropriate for the assignment to or benefit of the Purchasers of any License held by such Grantor and to enforce the security interests granted hereunder.

(b) Each Grantor shall notify the Purchasers immediately if it knows or has reason to know that any application or registration relating to any Patent, Trademark or Copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding such Grantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(c) In no event shall any Grantor, either directly or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving the Purchasers prior written notice thereof, and, upon request of the Purchasers, such Grantor shall execute and deliver any and all security agreements as the Purchasers may request to evidence the Purchasers' first priority security interest on such Patent, Trademark or Copyright, and the General Intangibles of such Grantor relating thereto or represented thereby.

(d) Each Grantor shall take all actions necessary or reasonably requested by the Purchasers to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the Patents, Trademarks and Copyrights (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings, unless the Purchasers shall determine that such Patent, Trademark or Copyright is not material to the conduct of such Grantor's business.

(e) Each Grantor shall, unless it shall reasonably determine that such Patent, Trademark or Copyright is not material to the conduct of its business or operations, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as the Purchaser shall deem appropriate under the circumstances to protect such Patent, Trademark or Copyright. In the event that any Grantor institutes suit because any of the Patents, Trademarks or Copyrights constituting Collateral is infringed upon, or misappropriated or diluted by a third party, such Grantor shall comply with Section 4.8.

4.8. Commercial Tort Claims. Each Grantor shall promptly, and in any event within two Business Days after the same is acquired by it, notify the Purchasers of any commercial tort claim (as defined in the UCC) acquired by such Grantor and having an individual value in excess of \$20,000 and, unless the Purchasers otherwise consent, each Grantor shall enter into an amendment to this Security Agreement, in the form of Exhibit I hereto, granting to Purchasers a first priority security interest in such commercial tort claim.

4.9. Letter-of-Credit Rights. If any Grantor is or becomes the beneficiary of a letter of credit with a face value of \$25,000 or more, such Grantor shall promptly, and in any event within five Business Days after becoming a beneficiary, notify the Purchasers thereof and cause the issuer and/or confirmation bank to consent to the assignment of any Letter-of-Credit Rights to the Purchasers.

4.10. Federal, State or Municipal Claims. Each Grantor will promptly notify the Purchasers of any Collateral which constitutes a claim against the United States government or any state or local government or any instrumentality or agency thereof, the assignment of which claim is restricted by federal, state or municipal law.

4.11. Assigned Contracts. Each Grantor shall notify the Purchasers in writing, promptly after such Grantor becomes aware thereof, of any event or fact which could give rise to a material claim such Grantor for indemnification under any of such Grantor's Assigned Contracts, and shall report to the Purchasers on all further developments with respect thereto. Upon the occurrence and during the continuance of an Event of Default, the Purchasers may, directly enforce such right in its own or such Grantor's name and may enter into such settlements or other agreements with respect thereto as the Purchasers shall determine. In any suit, proceeding or action brought by the Purchasers under any Assigned Contract for any sum owing thereunder or to enforce any provision thereof, each Grantor shall indemnify and hold the Purchasers harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaims, recoupment, or reduction of liability whatsoever of the obligor thereunder arising out of a breach by any Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing from such Grantor to or in favor of such obligor or its successors. All such obligations of such Grantor shall be and remain enforceable only against such Grantor and shall not be enforceable against the Purchasers. Notwithstanding any provision hereof to the contrary, each Grantor shall at all times remain liable to observe and perform all of its duties and obligations under its Assigned Contracts, and the Purchaser's exercise of any of their rights with respect to the Collateral shall not release any Grantor from any of such duties and obligations. The Purchasers shall not be obligated to perform or fulfill any of the Grantors' duties or obligations under its Assigned Contracts or to make any payment thereunder, or to make any inquiry as to the nature or sufficiency of any payment or property received by it thereunder or the sufficiency of performance by any party thereunder, or to present or file any claim, or to take any action to collect or enforce any performance, any payment of any amounts, or any delivery of any property.

ARTICLE V EVENTS OF DEFAULT AND REMEDIES

5.1. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

(a) The breach by any Grantor of any of the terms or provisions of Article VII hereof which is not remedied within five days after such breach, or the breach by any Grantor (other than a breach which constitutes an Event of Default under any other Section of this Article V) of any of the other terms or provisions of this Security Agreement which is not remedied within fifteen days after such breach.

(b) The occurrence of any "Event of Default" under, and as defined in, the Purchase Agreement.

5.2. Remedies.

(a) If an Event of Default has occurred and for so long as such Event of Default is continuing, the Purchasers may exercise any or all of the following rights and remedies:

(i) those rights and remedies provided in this Security Agreement, the Purchase Agreement, or any other Purchaser Document; *provided that*, this Section 5.2(a) shall not be understood to limit any rights or remedies available to the Purchasers prior to an Event of Default;

(ii) those rights and remedies available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement;

(iii) give notice of sole control or any other instruction under any deposit account control agreement, if any, or any other control agreement with any securities intermediary and take any action therein with respect to such Collateral;

(iv) without notice (except as specifically provided in Section 8.1 or elsewhere herein), demand or advertisement of any kind to any Grantor or any other Person, enter the premises of any Grantor where any Collateral is located (through self-help and without judicial process) to collect, receive, assemble, process, appropriate, sell, lease, assign, grant an option or options to purchase or otherwise dispose of, deliver, or realize upon, the Collateral or any part thereof in one or more parcels at public or private sale or sales (which sales may be adjourned or continued from time to time with or without notice and may take place at the Grantors' premises or elsewhere), for cash, on credit or for future delivery without assumption of any credit risk, and upon such other terms as the Purchasers may deem commercially reasonable; and

(v) concurrently with written notice to such Grantor, transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral, to exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations, to exercise the voting and all other rights as a holder with respect thereto, to collect and receive all cash dividends, interest, principal and other distributions made thereon and to otherwise act with respect to the Pledged Collateral as though the Purchasers were the outright owner thereof.

(b) The Purchasers, may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(c) The Purchasers shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase for the benefit of the Purchasers, the whole or any part of the Collateral so sold, free of any right of equity redemption, which equity redemption each Grantor hereby expressly releases.

WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY SUCH PLEDGED COLLATERAL ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF SUCH PLEDGED COLLATERAL OR ANY OFFICER OR THE AGENT THEREOF), UPON AND ONLY UPON THE OCCURRENCE OF AN EVENT OF DEFAULT.

6.4. Nature of Appointment; Limitation of Duty. THE APPOINTMENT OF THE PURCHASER AS PROXY AND ATTORNEY-IN-FACT IN THIS ARTICLE VI IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE DATE ON WHICH THIS SECURITY AGREEMENT IS TERMINATED IN ACCORDANCE WITH SECTION 8.15. NOTWITHSTANDING ANYTHING CONTAINED HEREIN, NEITHER THE PURCHASER, NOR ANY PURCHASER, NOR ANY OF THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL HAVE ANY DUTY TO EXERCISE ANY RIGHT OR POWER GRANTED HEREUNDER OR OTHERWISE OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION; PROVIDED THAT, IN NO EVENT SHALL THEY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

ARTICLE VII RESERVED

ARTICLE VIII GENERAL PROVISIONS

8.1. Waivers. Each Grantor hereby acknowledges that three (3) Business Days shall constitute sufficient notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Grantors, addressed as set forth on the applicable signature page of the Purchase Agreement, at least ten days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. To the maximum extent permitted by applicable law, each Grantor waives all claims, damages, and demands against the Purchasers arising out of the repossession, retention or sale of the Collateral, except such as arise solely out of the gross negligence or willful misconduct of the Purchasers as finally determined by a court of competent jurisdiction. To the extent it may lawfully do so, each Grantor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Purchasers, any valuation, stay, appraisal, extension, moratorium, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this

Security Agreement, or otherwise. Except as otherwise specifically provided herein, each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

8.2. Limitation on Purchasers' Duty with Respect to the Collateral. The Purchasers shall have no obligation to clean-up or otherwise prepare the Collateral for sale. The Purchasers shall use reasonable care with respect to the Collateral in its possession or under its control. The Purchasers shall not have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of the Purchasers, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. To the extent that applicable law imposes duties on the Purchasers to exercise remedies in a commercially reasonable manner, each Grantor acknowledges and agrees that it is commercially reasonable for the Purchasers (i) to fail to incur expenses deemed significant by the Purchasers to prepare Collateral for disposition or otherwise to transform raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to exercise collection remedies against Account Debtors or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral, (iii) to exercise collection remedies against Account Debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (iv) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (v) to contact other Persons, whether or not in the same business as the Grantors, for expressions of interest in acquiring all or any portion of such Collateral, (vi) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (vii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (viii) to dispose of assets in wholesale rather than retail markets, (ix) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (x) to purchase insurance or credit enhancements to insure the Purchasers against risks of loss, collection or disposition of Collateral or to provide to the Purchasers a guaranteed return from the collection or disposition of Collateral, or (xi) to the extent deemed appropriate by the Purchasers, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Purchasers in the collection or disposition of any of the Collateral. Each Grantor acknowledges that the purpose of this Section 8.2 is to provide non-exhaustive indications of what actions or omissions by the Purchasers would be commercially reasonable in the Purchasers' exercise of remedies against the Collateral and that other actions or omissions by the Purchasers shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 8.2. Without limitation upon the foregoing, nothing contained in this Section 8.2 shall be construed to grant any rights to any Grantor or to impose any duties on the Purchasers that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section 8.2.

8.3. Compromises and Collection of Collateral. Each Grantor and the Purchasers recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a

(d) Until the Purchasers are able to effect a sale, lease, or other disposition of Collateral, the Purchasers shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by the Purchasers. The Purchasers may, if they so elect, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Purchasers' remedies, with respect to such appointment without prior notice or hearing as to such appointment.

(e) reserved.

(f) Notwithstanding the foregoing, the Purchasers shall not be required to (i) make any demand upon, or pursue or exhaust any of their rights or remedies against, the Grantors, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (ii) marshal the Collateral or any guarantee of the Obligations or to resort to the Collateral or any such guarantee in any particular order, or (iii) effect a public sale of any Collateral.

(g) Each Grantor recognizes that the Purchasers may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof in accordance with clause (a) above. Each Grantor also acknowledges that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private. The Purchasers shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit such Grantor or the issuer of the Pledged Collateral to register such securities for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws, even if such Grantor and the issuer would agree to do so.

5.3. Grantors' Obligations Upon Event of Default. Upon the request of the Purchasers after the occurrence of an Event of Default, each Grantor will:

(a) assemble and make available to the Purchasers the Collateral and all books and records relating thereto at any place or places specified by the Purchasers, whether at the Grantors' premises or elsewhere;

(b) permit the Purchasers, by the Purchasers' representatives and agents, to enter any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral or the books and records relating thereto, or both, to remove all or any part of the Collateral or the books and records relating thereto, or both, and to conduct sales of the Collateral;

(c) prepare and file, or cause an issuer of Pledged Collateral to prepare and file, with the Securities and Exchange Commission or any other applicable government agency, registration statements, a prospectus and such other documentation in connection with the Pledged Collateral as the Purchasers may request, all in form and substance satisfactory to the

Purchasers, and furnish to the Purchasers, or cause an issuer of Pledged Collateral to furnish to the Purchasers, any information regarding the Pledged Collateral in such detail as the Purchasers may specify; and

(d) take all reasonable actions necessary to enable the Purchasers to effect a disposition of the Pledged Collateral.

5.4. Grant of Intellectual Property License. For the purpose of enabling the Purchasers to exercise the rights and remedies under this Article V at such time as the Purchasers shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Purchasers an irrevocable (so long as an Event of Default is continuing), nonexclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, license or sublicense any Intellectual Property Rights now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof and (b) irrevocably agrees that the Purchasers may sell any of the Grantors' Inventory directly to any person, including without limitation persons who have previously purchased any Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Purchasers' rights under this Security Agreement, may sell Inventory which bears any Trademark owned by or licensed to any Grantor and any Inventory that is covered by any Copyright owned by or licensed to any Grantor and the Purchasers may finish any work in process and affix any Trademark owned by or licensed to such Grantor and sell such Inventory as provided herein.

ARTICLE VI ACCOUNT VERIFICATION; ATTORNEY IN FACT; PROXY

6.1. Account Verification. So long as an Event of Default has occurred or is continuing, the Purchasers may at any time, in the Purchasers' own name, in the name of a nominee of the Purchasers, or in the name of any Grantor, communicate (by mail, telephone, facsimile or otherwise) with parties to contracts with such Grantor and obligors in respect of Instruments of such Grantor to verify with such Persons, to the Purchasers' satisfaction, the existence, amount, terms of, and any other matter relating to Instruments or Chattel Paper and/or other Receivables.

6.2. Authorization for Secured Party to Take Certain Action.

(a) Each Grantor irrevocably authorizes the Purchasers at any time and from time to time in the sole discretion of the Purchasers and appoints the Purchasers as its attorney in fact (i) to execute on behalf of each Grantor as debtor and to file financing statements necessary or desirable in the Purchasers' sole discretion to perfect and to maintain the perfection and priority of the Purchasers' security interest in the Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Purchasers in their sole

discretion deem necessary or desirable to perfect and to maintain the perfection and priority of the Purchasers' security interest in the Collateral, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Pledged Collateral or with securities intermediaries holding Pledged Collateral as may be necessary or advisable to give the Purchasers Control over such Pledged Collateral, (v) to apply the proceeds of any Collateral received by the Purchasers to the Obligations as provided in the Purchase Agreement, (vi) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder), (vii) to contact Account Debtors for any reason, (viii) to demand payment or enforce payment of the Receivables in the name of the Purchasers or such Grantor and to endorse any and all checks, drafts, and other instruments for the payment of money relating to the Receivables, (ix) to sign such Grantor's name on any invoice or bill of lading relating to the Receivables, drafts against any Account Debtor of such Grantor, assignments and verifications of Receivables, (x) to exercise all of such Grantor's rights and remedies with respect to the collection of the Receivables and any other Collateral, (xi) to settle, adjust, compromise, extend or renew the Receivables, (xii) to settle, adjust or compromise any legal proceedings brought to collect Receivables, (xiii) to prepare, file and sign such Grantor's name on a proof of claim in bankruptcy or similar document against any Account Debtor of such Grantor, (xiv) to prepare, file and sign such Grantor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Receivables, (xv) to change the address for delivery of mail addressed to such Grantor to such address as the Purchasers may designate and to receive, open and dispose of all mail addressed to such Grantor, and (xvi) to do all other acts and things necessary to carry out this Security Agreement; and each Grantor agrees to reimburse the Purchasers on demand for any payment made or any expense incurred by the Purchasers in connection with any of the foregoing; *provided that*, this authorization shall not relieve any Grantor of any of its obligations under this Security Agreement or under the Purchase Agreement.

(b) All acts of said attorney or designee are hereby ratified and approved. The powers conferred on the Purchasers, under this Section 6.2 are solely to protect the Purchasers' interests in the Collateral and shall not impose any duty upon the Purchasers to exercise any such powers. The Purchasers agree that, except for the powers granted in Section 6.2(a)(i), (iii), (iv) and (vi) and Section 6.2(a)(xvi), it shall not exercise any power or authority granted to them unless an Event of Default has occurred and is continuing.

6.3. Proxy. EACH GRANTOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE PURCHASER AS THE PROXY AND ATTORNEY-IN-FACT (AS SET FORTH IN SECTION 6.2 ABOVE) OF EACH GRANTOR WITH RESPECT TO THE PLEDGED COLLATERAL, INCLUDING THE RIGHT TO VOTE SUCH PLEDGED COLLATERAL, WITH FULL POWER OF SUBSTITUTION TO DO SO. IN ADDITION TO THE RIGHT TO VOTE ANY SUCH PLEDGED COLLATERAL, THE APPOINTMENT OF THE PURCHASER AS PROXY AND ATTORNEY-IN-FACT SHALL INCLUDE THE RIGHT TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF SUCH PLEDGED COLLATERAL WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS AND VOTING AT SUCH MEETINGS). SUCH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND

disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, each Grantor agrees that the Purchasers may at any time and from time to time, if an Event of Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Purchasers in its sole discretion shall determine or abandon any Receivable, and any such action by the Purchasers shall be commercially reasonable so long as the Purchasers act in good faith based on information known to it at the time it takes any such action.

8.4. Secured Party Performance of Debtor Obligations. Without having any obligation to do so, if a Default has occurred and is continuing, the Purchasers may perform or pay any obligation which each Grantor has agreed to perform or pay in this Security Agreement and the Grantors shall reimburse the Purchasers for any amounts paid by the Purchasers pursuant to this Section 8.4. The Grantors' obligation to reimburse the Purchasers pursuant to the preceding sentence shall be a Secured Obligation payable on demand.

8.5. Specific Performance of Certain Covenants. Each Grantor acknowledges and agrees that a breach of any of the covenants contained in Sections 4.1(d), 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.11, 5.3, or 8.7 or in Article VII will cause irreparable injury to the Purchasers, that the Purchasers have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Purchasers to seek and obtain specific performance of other obligations of the Grantors contained in this Security Agreement, that the covenants of each Grantor contained in the Sections referred to in this Section 8.5 shall be specifically enforceable against each Grantor.

8.6. Use and Possession of Certain Premises. Upon the occurrence of an Event of Default, the Purchasers shall be entitled to occupy and use any premises owned or leased by the Grantors where any of the Collateral or any records relating to the Collateral are located until the Obligations are paid or the Collateral is removed therefrom, whichever first occurs, without any obligation to pay the Grantors for such use and occupancy.

8.7. Dispositions Not Authorized. Each Grantor is not authorized to sell or otherwise dispose of the Collateral except as set forth in Section 4.1(d) and notwithstanding any course of dealing between the Grantors and the Purchasers or other conduct of the Purchasers, no authorization to sell or otherwise dispose of the Collateral (except as set forth in Section 4.1(d)) shall be binding upon the Purchasers unless such authorization is in writing signed by the Purchasers.

8.8. No Waiver; Amendments; Cumulative Remedies. No delay or omission of the Purchasers to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Purchasers and then only to the extent in such writing specifically set forth. All rights and remedies contained in this Security Agreement or by

law afforded shall be cumulative and all shall be available to the Purchasers until the Obligations have been paid in full.

8.9. Limitation by Law; Severability of Provisions. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable or not entitled to be recorded or registered, in whole or in part. Any provision in any this Security Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Security Agreement are declared to be severable.

8.10. Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of such Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

8.11. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantors, the Purchasers and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that the Grantors shall not have the right to assign its rights or delegate its obligations under this Security Agreement or any interest herein, without the prior written consent of the Purchasers. No sales of participations, assignments, transfers, or other dispositions of any agreement governing the Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to the Purchasers, hereunder.

8.12. Survival of Representations. All representations and warranties of each Grantor contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.13. Taxes and Expenses. Any taxes (including income taxes) payable in respect of this Security Agreement shall be paid by the Grantors, together with interest and penalties, if any. The Grantors shall reimburse the Purchasers for any and all out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals, auditors and accountants who may be employees of the

Purchasers) paid or incurred by the Purchasers in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral) provided, however, that fees, costs and expenses of the Purchasers incurred on or before the Closing Date in connection with the preparation, negotiation, execution and delivery of this Security Agreement and the other Purchaser Documents shall not exceed \$40,000. Any and all costs and expenses incurred by the Grantors in the performance of actions required pursuant to the terms hereof shall be borne solely by the Grantors.

8.14. Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.15. Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Obligations outstanding) until (i) the Purchase Agreement has terminated pursuant to its express terms and (ii) all of the Obligations have been indefeasibly paid and performed in full.

8.16. Entire Agreement. This Security Agreement embodies the entire agreement and understanding between each Grantor and the Purchasers relating to the Collateral and supersedes all prior agreements and understandings between the Grantors and the Purchasers relating to the Collateral.

8.17. **CHOICE OF LAW.** THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS (INCLUDING, WITHOUT LIMITATION, SECTION 5-1401 OF THE NEW YORK STATE CONSOLIDATED LAWS, BUT OTHERWISE WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

8.18. **CONSENT TO JURISDICTION.** EACH GRANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY U.S. FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT AND EACH GRANTOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE PURCHASER TO BRING PROCEEDINGS AGAINST ANY GRANTOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY GRANTOR AGAINST THE PURCHASER OR ANY AFFILIATE OF THE PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO,

OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY OTHER PURCHASER DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

8.19. WAIVER OF JURY TRIAL. EACH GRANTOR AND THE PURCHASER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

8.20. Indemnity. Each Grantor hereby agrees to indemnify the Purchasers, and their respective successors, assigns, agents and employees (each, an “Indemnitee”), from and against any and all liabilities, damages, penalties, suits, costs, and expenses of any kind and nature (including, without limitation, all expenses of litigation or preparation therefor whether or not the Purchasers are a party thereto) imposed on, incurred by or asserted against the Purchasers, or their respective successors, assigns, agents and employees, in any way relating to or arising out of this Security Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Purchasers or any Grantor, and any claim for Patent, Trademark or Copyright infringement); provided, that no Indemnitee shall be entitled to indemnification for any claim directly attributable to such Indemnitee’s own gross negligence or willful misconduct.

8.21. Counterparts. This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Security Agreement by signing any such counterpart.

8.22. Section Titles. The Section titles contained in this Security Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not part of the agreement between the parties hereto.

ARTICLE IX NOTICES

9.1. Sending Notices. Any notice required or permitted to be given under this Security Agreement shall be sent by United States mail, telecopier, personal delivery or nationally established overnight courier service, and shall be deemed received (a) when received, if sent by hand or overnight courier service, or mailed by certified or registered mail notices or (b) when sent, if sent by telecopier (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient), in each case addressed to each Grantor at the address set forth on Exhibit A as its principal place of business, and to the Purchasers at the addresses set forth in the Purchase Agreement.

9.2. Change in Address for Notices. Each of the Grantors and the Purchasers may change the address for service of notice upon it by a notice in writing to the other parties.

[Signature Page Follows]

IN WITNESS WHEREOF, the Grantors and the Purchasers have executed this Security Agreement as of the date first above written.

GRANTORS:

VELOCITY TECHNOLOGY SOLUTIONS LLC

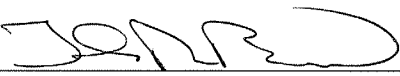
By: _____

Name: Thomas R. Bruno

Title: President and Chief Executive Officer

EISNER TECHNOLOGY SOLUTIONS, LLC

By: Velocity Technology Solutions LLC
its Sole Member

By: _____

Name: Thomas R. Bruno

Title: President and Chief Executive Officer

[Pledge and Security Agreement]

TRADEMARK
REEL: 003197 FRAME: 0819

PURCHASERS:

PINE STREET CAPITAL PARTNERS, LP

By: Pine Street Capital Partners LLC
its general partner

By: Anthony Schmitz
Name: Anthony Schmitz
Title: Managing Director

PINE STREET/VELOCITY INVESTMENTS, INC.

By: Anthony Schmitz
Name: Anthony Schmitz
Title: President

EXHIBIT A

(See Sections 3.2, 3.3, 3.4, 3.9 and 9.1 of Security Agreement)

GRANTOR'S INFORMATION AND COLLATERAL LOCATIONS

- I. **Name of Grantors:** Velocity Technology Solutions LLC
Eisner Technology Solutions, LLC
- II. **State of Incorporation or Organization:** New York

- III. **Type of Entity:** A New York limited liability company

- IV. **Organizational Number assigned by State of Incorporation or Organization:**
n/a

- V. **Federal Identification Number:** VTS - 11-3697441
ETS - 13-4159274
- VI. **Place of Business (if it has only one) or Chief Executive Office (if more than one place of business) and Mailing Address:**
750 Third Avenue
New York, NY 10017

Attention: _____
- VII. **Locations of Collateral:**
(a) Properties Owned by the Grantors:
n/a

(b) Properties Leased by the Grantors (Include Landlord's Name):

Sublease between Eisner LLP, as Sublandlord, and Velocity Technology Solutions LLC, as Subtenant, dated as of the date hereof.

(c) Properties held by Bailee:

(i) Citi Storage

5 North 11th Street

Brooklyn, NY 11211

(ii) Watson Products

445 County Road 101

Yaphank, NY 11980

EXHIBIT B

(See Section 3.5 of Security Agreement)

DEPOSIT ACCOUNTS

<u>Name of Institution</u>	<u>Account Number</u>	<u>Check here if Deposit Account is a Collateral Deposit Account</u>	<u>Description of Deposit Account if not a Collateral Deposit Account</u>
Bank of America	Velocity Technology Solutions LLC - 9429 34 1108		
	Eisner Technology Solutions, LLC - 9429 35 5446		

EXHIBIT C

(See Section 3.7 of Security Agreement)

LETTER OF CREDIT RIGHTS

n/a

CHATTEL PAPER

n/a

EXHIBIT D

(See Section 3.10 and 3.11 of Security Agreement)

INTELLECTUAL PROPERTY RIGHTS

PATENTS

<u>Patent Description</u>	<u>Patent Number</u>	<u>Issue Date</u>

PATENT APPLICATIONS

<u>Patent Application</u>	<u>Application Filing Date</u>	<u>Application Serial Number</u>

TRADEMARKS

<u>Trademark</u>	<u>Registration Date</u>	<u>Registration Number</u>
EISNER TECHNOLOGY SOLUTIONS	7/10/01	Reg. No. 2,467,933

TRADEMARK APPLICATIONS

<u>Trademark Application</u>	<u>Application Filing Date</u>	<u>Application Serial Number</u>
VELOCITY OUTSOURCING	9/20/02	76452894
VELOCITY	9/20/02	76452883

COPYRIGHTS - n/a

<u>Copyright</u>	<u>Registration Date</u>	<u>Registration Number</u>

COPYRIGHT APPLICATIONS - n/a

<u>Copyright Application</u>	<u>Application Filing Date</u>	<u>Application Serial Number</u>

INTELLECTUAL PROPERTY LICENSES

<u>Name of Agreement</u>	<u>Date of Agreement</u>	<u>Parties to Agreement</u>
Trademark License Agreement between Eisner LLP and Velocity Technology Solutions LLC dated as of the date hereof.		

EXHIBIT E

(See Section 3.11 of Security Agreement)

TITLE DOCUMENTS

I. Vehicles subject to certificates of title: n/a

<u>Description</u>	<u>Title Number</u>	<u>State Where Issued</u>

II. Aircraft/engines/parts, ships, railcars and other vehicles governed by federal statute: n/a

<u>Description</u>	<u>Registration Number</u>

EXHIBIT F
(See Section 3.11 of Security Agreement)

FIXTURES

I. Legal description, county and street address of property on which Fixtures are located:

n/a

II. Name and Address of Record Owner:

n/a

EXHIBIT G

(See Section 3.13 of Security Agreement and Definition of "Pledged Collateral")

LIST OF PLEDGED COLLATERAL, SECURITIES AND OTHER INVESTMENT PROPERTY

100% of the membership interest owned by Velocity Technology Solutions LLC in Eisner Technology Solutions, LLC

STOCKS

<u>Issuer</u>	<u>Certificate Number(s)</u>	<u>Number of Shares</u>	<u>Class of Stock</u>	<u>Percentage of Outstanding Shares</u>

BONDS

<u>Issuer</u>	<u>Number</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>

GOVERNMENT SECURITIES

<u>Issuer</u>	<u>Number</u>	<u>Type</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>

**OTHER SECURITIES OR OTHER INVESTMENT PROPERTY
(CERTIFICATED AND UNCERTIFICATED)**

<u>Issuer</u>	<u>Description of Collateral</u>	<u>Percentage Ownership Interest</u>

[Add description of custody accounts or arrangements with securities intermediary, if applicable]

EXHIBIT H

(See Section 3.1 of Security Agreement)

FINANCING STATEMENT FILING OFFICES

Office of the Secretary of State, State of New York.

TRADEMARK
REEL: 003197 FRAME: 0833

EXHIBIT I
(See Section 4.4 and 4.8 of Security Agreement)

AMENDMENT

This Amendment, dated _____, ___ is delivered pursuant to Section 4.4 of the Security Agreement referred to below. All defined terms herein shall have the meanings ascribed thereto or incorporated by reference in the Security Agreement. The undersigned hereby certifies that the representations and warranties set forth in Article III of the Security Agreement are and continue to be true and correct. The undersigned further agrees that this Amendment may be attached to that certain Pledge and Security Agreement, dated _____, 2005, between Velocity Technology Solutions LLC and Eisner Technology Solutions, LLC, as Grantors and Pine Street Capital Partners, LP, a Delaware limited liability company and Pine Street/Velocity Investments, Inc., a Delaware corporation (each a "Purchaser" and collectively the "Purchasers") (the "Security Agreement") and that the Collateral listed on Schedule I to this Amendment shall be and become a part of the Collateral referred to in the Security Agreement and shall secure all Obligations referred to in the Security Agreement.

By: _____

Name: _____

Title: _____

SCHEDULE I TO AMENDMENT

STOCKS

<u>Issuer</u>	<u>Certificate Number(s)</u>	<u>Number of Shares</u>	<u>Class of Stock</u>	<u>Percentage of Outstanding Shares</u>

BONDS

<u>Issuer</u>	<u>Number</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>

GOVERNMENT SECURITIES

<u>Issuer</u>	<u>Number</u>	<u>Type</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>

OTHER SECURITIES OR OTHER INVESTMENT PROPERTY
(CERTIFICATED AND UNCERTIFICATED)

<u>Issuer</u>	<u>Description of Collateral</u>	<u>Percentage Ownership Interest</u>

[Add description of custody accounts or arrangements with securities intermediary, if applicable]

COMMERCIAL TORT CLAIMS

<u>Description of Claim</u>	<u>Parties</u>	<u>Case Number; Name of Court where Case was Filed</u>